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Capitol Federal Savings

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November 7, 2000
Capitol Federal's 108th Year
of True Blue Service

JOHN C. DICUS, CHAIRMAN
HOME OFFICE, TOPEKA, KANSAS

Manager
Dissemination Branch
Information Management and Services Division
Office of Thrift Supervision
1700 G Street, N.W.
Washington, D.C. 20552

To Whom It May Concern:

I am writing to comment for Capitol Federal Savings on the recent rule changes and proposed rule changes to 12 C.F.R. Parts 563b and 575. Capitol Federal converted to a Mutual Holding Company (MHC) on March 31, 1999. During the 19 months as a public company, our stock has traded in a range from $8.625 to $14.875, with the top of the range occurring after the rule changes were disclosed in July of 2000.

With that said, you can guess how we feel about the changes. The first change I will comment on is the allowance of unlimited share repurchase after the first year as a public company. This change gives management an additional tool in our efforts to create value for both the bank and its shareholders. If buying back shares is the best option for managing our capital then we ought to be able to exercise that option. A lot can happen in a short time as a public company and you have to be able to adjust. Two years ago, our business plan talked about acquisitions as a way to utilize our capital, but since going public the number of good acquisitions are not as abundant and the ones there are, are not without their risks to the bank and its shareholders. As someone commented to me "why not buy the company you know best, Capitol Federal, because you have done all the due diligence you need", which is true. Buybacks, in our opinion, provide us an option to utilize our capital without adversely affecting the safety and soundness of the bank. The rule change has already helped us create shareholder value even as a MHC which, in this year's market, is an achievement.

The second change that I will comment on is the change with regard to the waiver of dividends to the MHC. The allowance of waived dividends in itself is a positive for the bank and its shareholders since it allows the money to stay at the bank level and thus enhance the safety and soundness of the bank. Now with the OTS no longer requiring dilution of the minority shareholder interests for any waived dividends in a subsequent conversion to stock form, a potential reason for a MHC to do a second step conversion is eliminated. With this dilution removed an MHC can use dividends as a means to create shareholder value without putting the bank in a situation that future decisions are out of their control.

Creating shareholder value is one goal of management and the more options with which we have to work gives us a better chance to succeed, which is good for all parties concerned. The rule changes effecting the MHC's are all positive, and we thank you, but the perception of a few of the changes in the mutual to stock conversion take some of the good that was created away.

The two changes that we are concerned with are the return on equity requirement for converting thrifts without being able to utilize buybacks or a return of capital in the business plan submitted and on the enforcement of the three-year prohibition on acquisitions, if management favors an acquisition. If you take these tools away from management, their ability to manage the process and create shareholder value is made more difficult. The options they are left with could place a greater amount of risk on the safety and soundness of the bank.

You have created options for management with one set of rule changes, don't take away options with other changes.

Thank you for allowing us to comment on the proposed rule changes. If you have any questions please call me at (785) 231-6370.

Sincerely,

John B. Dicus
President

JBD:mrf